

4. Rural America

■ Nonmetropolitan Population

Today, the United States is primarily metropolitan. People who live in large cities and their suburbs account for 80 percent of the total population. Nonmetropolitan people outside large cities and suburban counties numbered about 54.5 million in 1998. Although nonmetro population continues to increase, its proportion of the total population has fallen slightly over the last several decades because the metro population grew even more rapidly.

A metro area, by definition, must have an urban nucleus of at least 50,000 people, and may include fringe counties that are linked to that nucleus because their workers commute to the central area. All other counties are nonmetro.

After 1970, most nonmetro counties that were losing population in the 1960's began to grow again because of job development, commuting, or the development of retirement communities that drew retirees in from other areas. However, after 1980, low farm income and a slump in mining and manufacturing employment led to a slow but widespread decline in nonmetro population, generally in the same areas that declined before 1970. Some nonmetro counties, though, grew enough as retirement or recreation areas, or from their proximity to metro jobs, to produce overall nonmetro population growth during the decade.

Since 1990, there is evidence once again of increased retention of people in nonmetro areas. From 1990 to 1996, the population of nonmetro counties grew at an annual pace more than double that of the 1980's, with far fewer counties declining. This change has affected all types of counties and most regions of the country. Improvement in nonmetro economic conditions is thought to be generally responsible for this change. But, recreation and retirement counties continue to be the most rapidly developing group. Declining population is still characteristic of areas that are dependent on farming, three-fourths of which have continued to have more people moving out than in. The nonmetro population grew between 1996 and 1998, but the pace of growth has slowed.

■ Age and Race

Age distributions reflect past demographic events (births, deaths, and migrations) and provide important clues about future changes in the labor supply and the demand for goods and services. The age distribution of the U.S. population is still dominated by the post-World War II rise in fertility rates known as the baby boom, whose members were born in 1946-64. From the time the youngest baby boomers

graduated from high school and began their entry into the labor force in 1982 until the oldest members reach age 65 in 2011, the United States has had and will continue to have a favorable balance of people in income-producing age groups. All parts of the country benefit from the current age structure.

Because of migration, which consists primarily of young adults and their children, metro areas captured a much higher percentage of the “baby boomers.” The higher metro percentage of working-age adults has been a persistent pattern for most of this century. Metro/nonmetro differences among the youngest and oldest have become increasingly large. In a reversal of previous trends, the birth rates in metro areas in this decade have been greater than in nonmetro areas. In large measure, this reversal is due to the delayed childbearing among women in the large metro baby boom segment. Birth rates for nonmetro women are higher at younger ages, particularly for women in their twenties, an age group not well represented in nonmetro areas.

Increases in life expectancy over the past 50 years and the aging of the large population segment born in the 1920’s increased the proportion of elderly between 1970 and 1998. The percentage of the population over age 75 rose dramatically, especially in nonmetro areas. Retirement migration to nonmetro areas, coupled with historically high levels of nonmetro outmigration of young adults and their children, has resulted in a slightly higher proportion of older people in nonmetro areas: the percentage of the nonmetro population age 60 or older was 18 percent in 1998, 15 percent in metro areas. For the first time since 1960, children under age 10 outnumber preteens and teenagers in metro areas. This is not true for nonmetro areas.

The minority population is truly in the minority in nonmetro areas, although their percentage is growing. By 1997 minorities constituted 17 percent of the total nonmetro population, accounting for more than half of the population growth since 1980. Minorities are still much more likely than Whites to live in metro areas, but their presence in nonmetro areas is increasing.

The relatively high proportion of the population under age 18 in all the rural minority groups indicates that there is a large pool of potential labor force entrants among minorities and that minorities have a sizable proportion of their own population to support. This is partly fueled in the rural Asian and Hispanic populations by the higher birth rates among recent immigrants. Well over a third of the population of all four rural minority groups were under age 18 in 1997, compared with a fourth of the White population (table 4-1). The proportion in prime labor force ages between 25 and 44 is similar for all groups, including Whites.

In 1997, 9 million nonmetro residents belonged to one of four minority groups—Blacks, Hispanics, Asians (including Pacific Islanders), and Native Americans. Blacks made up close to two-thirds of the nonmetro minority population in 1980, but their share has declined since then as the rate of growth for other groups has increased. In 1997, 54 percent of the nonmetro minority population was Black.

Table 4-1.

Nonmetro minority populations by age, 1997

<i>Age group</i>	<i>White</i>	<i>Black</i>	<i>Native American</i>	<i>Hispanic</i>	<i>Asian/Pacific Islander</i>
<i>Percent</i>					
17 or younger	25.0	36.4	39.3	40.0	43.9
18-24	8.7	12.9	11.6	12.7	9.2
25-44	28.7	26.6	25.9	29.3	27.0
45-59	17.5	13.4	14.1	10.7	11.7
60-74	13.5	7.6	7.2	5.7	6.4
75 and older	6.6	3.2	1.9	1.6	1.8
<i>Thousands</i>					
Population	43,458	4,877	888	2,789	488

Source: Prepared by ERS using data from the March 1997 Current Population Survey, Bureau of the Census.

■ Nonmetropolitan Industry and Job Growth

Goods-Producing Industries

Manufacturing, natural resource-based industries such as farming and mining, and other goods-producing industries have historically been the mainstay of the rural economy. Growth in rural goods-producing jobs was stronger during the 1970's than during the 1980's or so far in the 1990's. Much of the growth during the 1970's was attributable to national manufacturing firms that opened branch plants in rural areas and also to booming construction activities. While goods-producing industries normally spring back during economic recovery, in more recent years, over periods of recession and recovery, job growth in these industries has been sluggish. In nonmetro areas during the 1980's, jobs in farming declined by 383,000 (1.8 percent annually) and jobs in mining declined by 118,000 (2.4 percent annually), while manufacturing increased by 20,000 jobs (table 4-2). Nonmetro areas also lost goods-producing jobs during the 1990-91 recession, but have gained jobs in more recent years. Between 1989 and 1997, the total number of nonmetro goods-producing jobs increased by 433,000. The new jobs were in construction (324,000), manufacturing (200,000), and agricultural services/forestry/fishing (153,000). Those gains were partially offset by declines in farming (156,000) and mining (88,000) jobs.

Services-Producing Industries

Nonmetro services-producing industries grew steadily during 1969-97, creating 8.8 million new jobs in the period. Similar to the goods-producing industries, the number of rural services-producing jobs grew faster during the 1970's (2.5 percent annually) than during the 1980's (1.8 percent annually). During 1989-97, job growth in the rural services-producing sector picked up, growing almost as fast as during the

Table 4-2.

Nonmetro and metro job growth in selected industries, 1969-97

<i>Industry</i>	<i>1969</i>	<i>1979</i>	<i>1989</i>	<i>1997</i>	<i>Change 1989-97</i>
	<i>Thousands</i>				<i>Percent</i>
Nonmetro total	17,704	21,668	23,942	27,687	1.8
Goods-producing	7,480	8,532	8,216	8,649	0.6
Farm	2,564	2,351	1,968	1,812	-1.0
ASFF ¹	166	242	355	508	4.6
Mining	361	550	432	344	-2.8
Construction	800	1,177	1,228	1,552	3.0
Manufacturing	3,589	4,213	4,233	4,433	0.6
Services-producing	10,224	13,136	15,726	19,039	2.4
TCPU ²	725	904	972	1,153	2.2
Wholesale trade	423	753	781	867	1.3
Retail trade	2,541	3,224	3,896	4,804	2.7
FIRE ³	734	1,052	1,095	1,315	2.3
Services	2,718	3,620	4,997	6,526	3.4
Government	3,082	3,583	3,986	4,373	1.2
Metro total	73,353	91,620	113,375	128,723	1.6
Goods-producing	22,755	24,658	24,691	24,892	0.1
Farm	1,414	1,413	1,228	1,142	-0.9
ASFF ¹	340	626	1,019	1,465	4.6
Mining	374	605	614	489	-2.8
Construction	3,670	4,729	6,064	6,813	1.5
Manufacturing	16,957	17,284	15,765	14,983	-0.6
Services-producing	50,597	66,962	88,684	103,831	2.0
TCPU ²	4,070	4,723	5,393	6,398	2.2
Wholesale trade	3,675	4,920	5,924	6,311	0.8
Retail trade	10,908	14,556	18,794	21,552	1.7
FIRE ³	5,181	7,487	9,572	10,463	1.1
Services	14,005	20,463	32,239	41,702	3.3
Government	12,759	14,814	16,762	17,407	0.5

¹Agricultural services, forestry, and fishing²Transportation, communication, and public utilities³Finance, insurance, and real estate

Source: Prepared by ERS using data from the U.S. Department of Commerce, Bureau of Economic Analysis.

1970's (2.4 percent annually). General services, such as hotel accommodations, hair cuts, car repair, and entertainment, provided the largest number of new rural jobs (1.5 million). Nonmetro retail trade added 980,000 new jobs, growing faster (2.7 percent annually) so far in the 1990's than it had in the two previous decades (2.4 and 1.8 percent annually in the 1970's and 1980's).

Total Employment

Nonmetro areas gained jobs at a rate comparable to that of metro areas during the 1970's, but fell far behind metro growth during the 1980's. Nonmetro areas suf-

ferred more in the two recessions of the early 1980's and benefitted less from the 1982-1989 recovery than did metro areas. As a result, employment growth was considerably slower in nonmetro (1 percent annually) than in metro areas (2.2 percent annually) during 1979-89. More encouraging is the most recent performance of rural areas. In contrast to the 1980's trend, rural areas weathered the 1990-91 recession better than urban areas. In nonmetro areas, total jobs grew at a 1.8 percent annual rate during 1990-97; in metro areas, jobs grew at a 1.6 percent annual rate (table 4-2). Most of the growth in both areas was in services-producing industries, 3.3 million out of 3.7 million new nonmetro jobs and 15.1 out of 15.3 million new metro jobs. Goods-producing industries contributed 433,000 new nonmetro jobs while metro areas gained only 201,000 goods-producing jobs.

■ Nonmetropolitan Employment and Wages

In 1998, 25.5 million people 16 years old and older were in the nonmetropolitan work force, either at work or looking for work. On average, 1.2 million or 4.8 percent of these workers were unemployed during the year. The continuing national economic expansion has brought about the lowest nonmetro unemployment rate in 25 years, with widespread reductions in unemployment among all groups of workers, including minorities and teenagers. In 1998, 14.1 percent of teenagers, 10.3 percent of Blacks, and 7.1 percent of Hispanics in nonmetro areas were unemployed (table 4-3). These rates, however, remain well above the 1998 average for nonmetro Whites (4.2 percent). The official unemployment rate excludes those jobless people not actively seeking work, but who indicate they want or are available for work (marginally attached workers), and part-time workers who want full-time jobs. The nonmetro adjusted unemployment rate, which includes marginally attached workers and involuntary part-time workers, was 8.8 percent.

Nonmetro unemployment rates in 1998 were slightly higher than metro rates (4.8 and 4.4 percent, respectively.) During the 1980's, nonmetro unemployment rates were consistently higher in nonmetro areas than in metro, but below the metro rate for a few years after the 1990-91 recession (figure 4-1). The nonmetro adjusted unemployment rate has remained higher than the metro rate throughout the 1990's. In 1998, the nonmetro unadjusted rate of 8.8 percent was somewhat above the 7.9 percent metro rate.

Nonmetro earnings have risen during the 1990's, in contrast to the earnings losses of the previous decade. The inflation-adjusted, average nonmetro weekly earnings for wage and salary workers fell 12.6 percent between 1979 and 1990, from \$491 to \$429 (1998 dollars). Average metro weekly earnings fell a smaller 1.4 percent between 1979 and 1993. As a result, the metro/nonmetro average weekly earnings gap grew sharply, increasing from \$73 to \$127 (1998 dollars). From 1990 to 1998, however, nonmetro weekly earnings increased 7.8 percent, to \$462 (1998 dollars), while metro earnings were up 5.4 percent (table 4-4). The absolute dollar value of the metro-nonmetro wage gap has changed little during the 1990's, but nonmetro earnings have risen at a faster rate than metro earnings.

Table 4-3.

Unemployment rates among various metro and nonmetro groups,
1998

	<i>Nonmetro</i>	<i>Metro</i>	<i>U.S.</i>
	<i>Thousands</i>		
Civilian labor force	25,510	112,163	137,673
Total employment	24,289	107,174	131,463
Unemployed	1,221	4,989	6,210
Unemployment rate:			
	<i>Percent</i>		
All civilian workers	4.8	4.4	4.5
Men	4.7	4.4	4.4
Women	4.9	4.6	4.6
Teenagers	14.1	14.7	14.6
White	4.2	3.8	3.9
Black	10.3	8.7	8.9
Hispanic	7.1	7.2	7.2
Adjusted unemp. rate ¹	8.8	7.9	8.0

¹Unemployment rate adjusted to include marginally attached workers and workers employed part-time for economic reasons.

Source: Current Population Survey, Bureau of the Census.

Table 4-4.

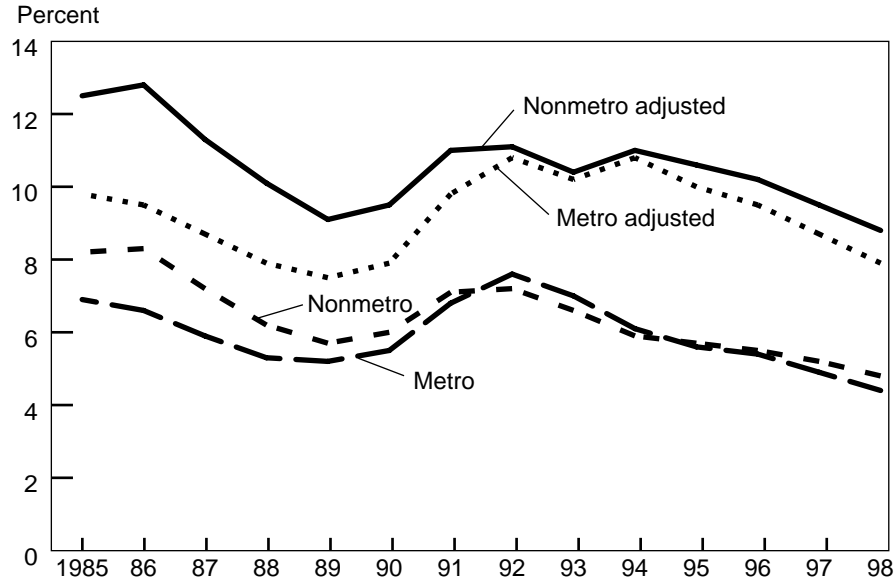
Average weekly earnings for metro and nonmetro wage and salary
workers, 1979-98

	<i>U.S.</i>	<i>Metro</i>	<i>Nonmetro</i>	<i>Metro-Nonmetro Wage Gap</i>
	<i>1998 dollars</i>			
1979	541	564	491	73
1990	530	556	429	127
1998	564	586	462	124
	<i>Percent</i>			
1979-90 change	-2.0	-1.4	-12.6	74.0
1990-98 change	6.4	5.4	7.8	-2.4

Source: Prepared by ERS using data from the Current Population Survey, Bureau of the Census.

Figure 4-1.

Unemployment rates by residence, 1985-98



Note: Beginning in the first quarter of 1994, the adjusted unemployment rate is defined as the total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force, plus all marginally attached workers (U-6). Prior to the first quarter of 1994, the adjusted unemployment rate is defined as total unemployed, plus discouraged workers, plus one-half of workers part time for economic reasons as a percent of the civilian labor force, plus all discouraged workers. Source: Current Population Survey, Bureau of the Census.

■ Nonmetropolitan Income and Poverty

Nonmetropolitan median household income increased by 4.6 percent from 1996 to 1997 after adjustment for inflation, going from \$28,734 to \$30,057. The median income of metropolitan households increased 2.3 percent, from \$38,504 to \$39,381. With nonmetro income growing more than metro income, the income gap between nonmetro and metro households narrowed slightly. Nonmetro household income lagged metro household income by 23.7 percent in 1997, down from a 25.4 percent gap in 1996. In both nonmetro and metro areas, married-couple families have much higher median income than do other household types, and non-Hispanic White households have much higher median income than households headed by minorities (table 4-5).

The poverty rate in nonmetro America stood at 15.9 percent in 1997, unchanged from the previous year, and higher than the metro poverty rate of 12.6 percent. The nonmetro poverty rate has been quite stable over the last 10 years, remaining within a

range of 1.7 percentage points (figure 4-2). The nonmetro-metro poverty gap, at 3.3 percentage points, widened for the third consecutive year. The combination of increasing household income with a stagnant poverty rate suggests that nonmetro income growth is more commonly occurring among higher than lower income families.

Nonmetro poverty rates continued to be higher than metro poverty rates across demographic groups (figure 4-3). People living in families headed by women experienced the highest poverty rates of all family types (41.2 percent in nonmetro areas and 34.5 percent in metro), and a high proportion of nonmetro women not living with relatives were also poor (31 percent). Over one-fifth of nonmetro children lived in poor families.

The poverty rates among nonmetro minorities were much higher than those of nonmetro Whites and substantially higher than those of metro minorities. The poverty rate was highest for nonmetro Blacks (31.9 percent), followed by nonmetro Native Americans (31.6 percent) and nonmetro Hispanics (30.7 percent). Despite the higher incidence of poverty among nonmetro minorities, two-thirds of the nonmetro poor were non-Hispanic Whites because of the large White majority in the nonmetro population. However, the Hispanic share of the nonmetro poor has nearly doubled in recent years, growing from 5.8 percent in 1986 to 10.4 percent in 1997.

Table 4-5.

Median household income by family type and race/ethnicity			
	<i>Nonmetro</i>	<i>Metro</i>	<i>Nonmetro-Metro gap¹</i>
	<i>Dollars</i>		<i>Percent</i>
Total	30,057	39,381	23.7
By household type:			
Married-couple family	41,060	55,533	26.1
Female-headed family	18,580	24,304	23.6
Unrelated women ²	13,310	19,062	30.2
Unrelated men ²	21,446	30,022	28.6
By race/ethnicity of householder:			
White, non-Hispanic	31,546	43,868	28.1
Black	19,987	25,804	22.5
Hispanic	22,538	27,077	16.8
Native American ³	21,124	33,653	37.2

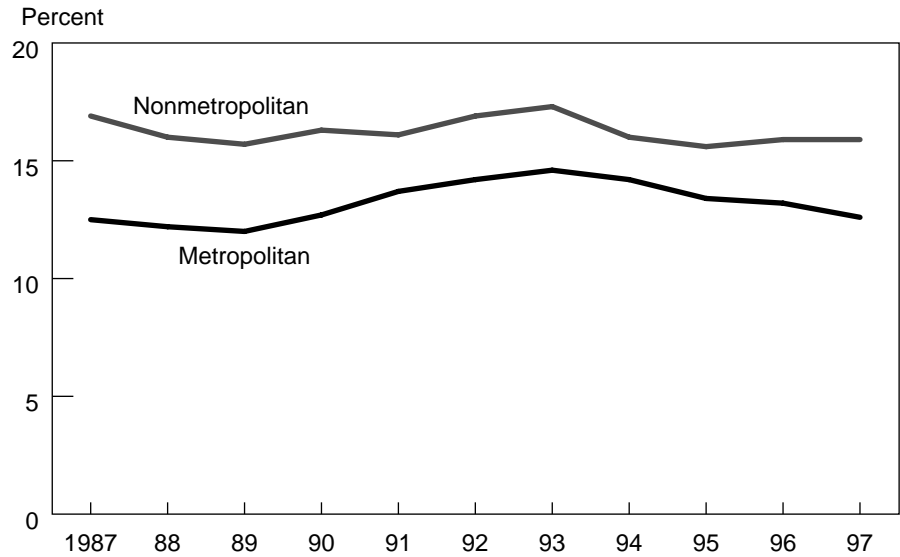
¹Percent by which nonmetro income is lower than metro.

²Persons who live alone or with nonrelatives.

³The sample of Native Americans is very small, making estimates of their household income subject to high variability.

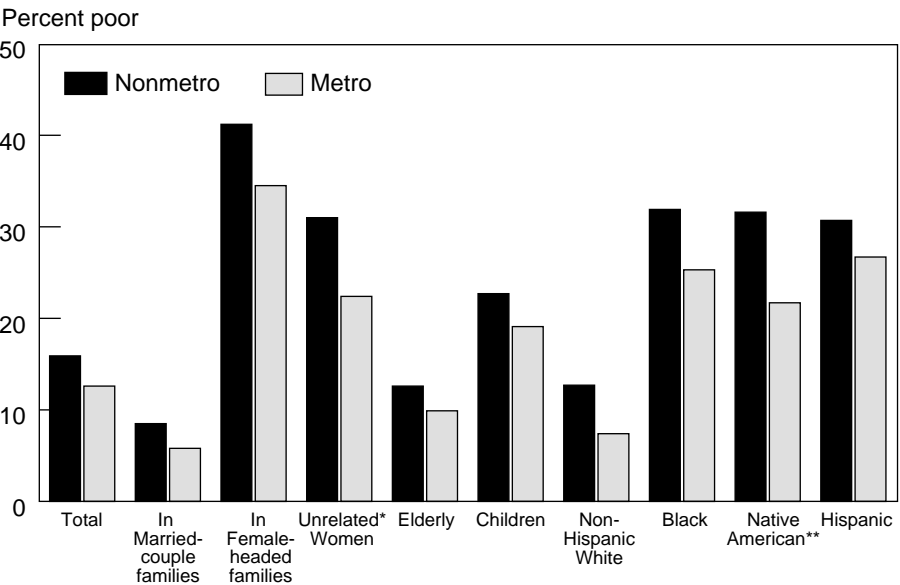
Source: Prepared by ERS using data from the March 1998 Current Population Survey.

Figure 4-2.
Poverty rate by residence, 1987-97



Source: Prepared by ERS using data from the Bureau of the Census' Consumer Income P-60 series.

Figure 4-3.
Poverty rates by population group, 1997



*Women living alone or with nonrelatives.

**The sample of Native Americans is very small, making estimates of their poverty status subject to high variability.

Source: Prepared by ERS using data from the March 1998 Current Population Survey.

■ Federal Funding for Rural Area Development

In fiscal year 1997, Federal funds reaching nonmetro counties averaged \$4,768 per person, while metro counties averaged \$5,333 per person (table 4-6). However, significant regional differences exist. The nonmetro Midwest received the least amount of Federal funds, \$4,522 per person, while the nonmetro South and Northeast received slightly higher amounts per person. The nonmetro West received the highest amount of Federal funds, \$5,046 per person (table 4-7).

Federal funding includes grants, loans, and other payments to support agriculture, forest management, housing, transportation, education, health, public assistance, Social Security, veterans' benefits, defense, energy, and so on. Figures on the metro-nonmetro distribution of funds are based on the share of Federal funds that can be reliably traced to county levels. Interest on the national debt has been excluded for analytical purposes.

Nonmetro counties received a large share of their funds from income security programs, especially retirement and disability programs. About 42 percent of nonmetro funds were for such programs, compared with 33 percent of the metro funds (table 4-6). The nonmetro West received the highest amounts of per capita grants, salary and wages, and procurement contracts. However, the nonmetro West received only about 37 percent of its Federal funds per person for retirement and disability programs, compared to about 42 percent for the nonmetro Northeast, 43 percent for nonmetro Midwest as well as nonmetro South (table 4-7).

Table 4-6.

Federal funds per capita, FY 1997

<i>Object class of funds</i>	<i>All counties</i>	<i>Metro counties</i>	<i>Nonmetro counties</i>
		<i>Dollars</i>	
All Federal funds, including loans	5,218	5,333	4,768
Salaries and wages	611	675	360
Procurement contracts	646	736	291
Direct payments to individuals	2,868	2,726	2,936
For retirement and disability	1,810	1,762	1,996
Other than retirement & disability	959	964	940
Other direct payments	39	20	117
Grants	721	721	723
Loans	432	455	341
Direct loans	77	52	174
Guaranteed loans	355	403	167
All expenditures, excluding loans	4,885	4,878	4,427

Note: Details may not add due to rounding.

Source: Prepared by the ERS using data from the U.S. Bureau of the Census.

Table 4-7.

Distribution of Federal funds per capita in the nonmetro regions,
FY 1997

<i>Object class of funds</i>	<i>Northeast Region</i>	<i>Midwest Region</i>	<i>South Region</i>	<i>West Region</i>
	<i>Dollars</i>			
All Federal funds, including loans	4,839	4,522	4,824	5,046
Salaries and wages	433	283	325	566
Procurement contracts	336	185	273	520
Direct payments to individuals	2,983	2,818	3,121	2,613
For retirement and disability	2,027	1,952	2,069	1,853
Other than retirement & disability	956	866	1,052	760
Other direct payments	14	208	81	108
Grants	792	608	753	820
Loans	281	420	271	419
Direct loans	116	275	130	136
Guaranteed loans	165	145	141	283
All expenditures, excluding loans	4,558	4,102	4,553	4,627

Note: Details may not add due to rounding.

Source: Prepared by the ERS using data from the U.S. Bureau of the Census.